

REPLIES TO CRITICS

Stillings Answers Rossiter Report in Letter.

TALKS ABOUT INSINUATIONS

Former Public Printer, in a Long Statement, Denies Most of Charges Contained in Investigator's Findings—Conditions Were Against Him, He Says—New Law Needed.

In answer to the Rossiter report, which he received some time ago, Stillings made the following reply:

Office of the Public Printer, Washington, March 7, 1938.

Sir: I return herewith the entire report and accompanying papers, dated February 23, 1938, of Mr. W. S. Rossiter, on the Government Printing Office. I have itemized certain of my answers to Mr. Rossiter's report which are forwarded herewith.

The report of your investigating committee insinuates certain irregularities on the part of the Public Printer, and although making no specific charges, lays great stress on his payment of \$1,250 per week to The Audit System for the preparation of an inventory, which inventory the investigators failed to locate, although they obtained evidence that it had been paid for; this entire charge relating to inventories is easily explained, and I trust will prove to you the inability of the investigators to grasp in so short a period the salient features in the operations of so large an institution, or to submit a just report as to my official actions.

Any committee, however capable or earnestly desirous of making an impartial report on such a condition of affairs as now exists in the Government Printing Office, would be unable to satisfactorily perform such a duty with any degree of exactness or benefit, from the fact that the readjustment of the affairs of the entire office is at this time just about four-fifths completed, and the remaining one-fifth on finishing touches would unify and make consistent conditions which would at present appear to persons unacquainted with the plans and purposes of the completed system, to be chaotic, cumbersome, and void of good management.

Not Justifiable. Were the system completed and in operation, and such conditions as are alleged in the report were found to exist, then condemnation of the system, of the organizers, and of the Public Printer would be justifiable, but not otherwise.

Within eight months or a year the organization completed along the lines laid down would result in a model plant, both as to equipment and discipline, and a cost-cutting system of moderate expense and undetermined value.

I do not desire to disparage the work of the investigators. Their findings are in the main doubtless justifiable from their standpoint, but my contention is that such an investigation deserves merely casual personal opinions, whereas facts are what you desire.

The statement that an annual expenditure of \$17,300.24 will be required "to maintain the cost analysis established by The Audit System" is open to question, as I do not think when it is fully established it will cost so much.

However, the comparison of the cost of the new system with "the expenditure covering all similar work under the old system of \$43,238" is absurd. There never has been a cost-analysis system in the Government Printing Office such as is referred to as \$43,238. The present cost-cutting system, which it is plainly admitted by the investigating committee possesses "some merits and is principally to be criticized upon the score that it attempts to secure all classes of detail the amount of which is not to be determined by the purpose of recording necessary facts and the amount of labor required for subsequent tabulations were so great as to make the system almost prohibitive," as compared with the old method of charging, which the report states was rudimentary, incomplete, and doubtless inaccurate, is, to say the least, inappropriate and susceptible of deductions unfavorable to the committee.

Whether it is cheaper to expend approximately \$17,300.24 to maintain a system possessing "some merits" and criticized only on account of its attempting to do too much, or to expend approximately \$45,000 on a so-called "system" which is based on "rudimentary, incomplete, and doubtless inaccurate" I leave to your judgment.

Become More Expert. But it should be stated that as the persons working upon the system become more expert, and as experience teaches what operations can be simplified or eliminated, the cost of the system will diminish until the cost of maintaining the same will perhaps be double what was expended for the former unreliable work; the apparent cumbersome will finally be worked out into a simple but accurate system.

Although the cost of installing The Audit System in the office is considered by the committee to have been quite expensive, much more so than the cost of similar installations in other government offices, the comparisons made seem to be unfair on the face of them when comparing a complex manufacturing establishment, with manufacturing concerns whose output or product runs in direct lines of channels and whose pay roll is to a large extent regulated by piecework.

Your committee has severely criticized my policy in allowing The Audit System to bid upon any supplies for the office while endeavoring to cover this point in the appended specific statements, I may say briefly that my action has been governed by a desire to expedite the work of The Audit System, and that the least expense to the government; and that such purchases were made of them, outside of loose-leaf ledger sheets, binders, and possibly a few emergency purchases caused by the exigencies of the service, and I have no knowledge of any injustice done to other bidders thereby.

The majority of the purchases made of the Suffolk Distributing Company have been for paper for which the submitted bids and upon which they were awarded contract by the Joint Committee on Printing in January, 1937, covering the annual period commencing March 1, 1937, and terminating February 28, 1938. This is a matter outside of my jurisdiction, and of which I had no knowledge until the bids were opened and awards made; any other purchases have been for minor supplies.

I am inclined to agree with the committee that in view of the recent events it would have been much better not to have purchased anything whatever of The McConnell Discoveries in Vital Force.

Prove a Cure for all Invalids.

Mr. McConnell has proven that the production of vital power can be increased by an invalid or old person to cure himself of all chronic diseases. Published daily at 8 p. m. on Wednesday and Saturday evenings at 8 p. m. Further information can be secured at offices, 658 Metropolitan Building, 615 Fifteenth street. Phone Main 652.

RETIRE FROM OFFICE.

CHARLES A. STILLINGS

Will no longer be troubled with care of the Government Printing Office.

STILLINGS IS OUT.

Continued from Page One.

waste results only when the two branches of the work are not properly adjusted. It is a significant fact that while obviously the productive class may increase indefinitely, increase of the nonproductive class, after a certain proportion has been reached, becomes a rapidly growing burden.

The increase in the nonproductive class of labor was doubtless one of the causes for the increased cost of printing which has been the occasion of so much criticism of late, considerable part of the payments for nonproductive labor results from the establishment of an elaborate cost-accounting system.

Close figures have never been required for legislative printing, but the cost is carefully watched in the case of executive printing, since the allotments for such work cannot be exceeded. For the latter class there must be units of charge which should change without due notice.

By a simple plan an accurate record of cost of product could be kept and the relation of the unit of charge to cost could be ascertained.

Since the requirement of the legislative printing are almost all emergency work, necessitating the maintenance of a force of employees, a special scale of prices should be formulated for Congressional work.

Attention is called to the fact that the price established as the tentative charge for the Government Printing Office is based upon the average charge of the leading printers of the cities of New York, Philadelphia, Boston, and Baltimore.

Method of Purchasing Supplies. The committee composed of representatives of the Departments of Agriculture, Commerce and Labor, and the Interior have submitted a report concerning the purchases and supplies of the printing office. They state that it is evident that there has been great extravagance in the purchase of supplies.

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PLAYS AUDIT SYSTEM

Concern Cost Government

Sun Far Too Big.

RAYNOR CALLED THE SYSTEM

Rossiter Blames Queer Company for Many Things—Condenses Purchase of Supplies from It—Cost Too Much by Far—Had, Apparently, but One Real Object.

Not the least of the labors of Mr. Rossiter were those which dealt with that strange creature, The Audit System. The System is subjected in the report to much criticism, not only for its apparent relations with Government Printing Office contracts, but for the failure of its own cost and inventory system.

Raynor, manager of the system in the Government Printing Office, is shown to have been, for all intents, the head of the big print shop, and the man to whom all had to bow.

The enormous cost of the system, which was not warranted, nor in proportion to that which might be considered just for the installation of any sort of audit system, also comes in for severe censure.

Inquiry by correspondence, says the report, concerning the actual expense of installing cost systems in large commercial plants developed the fact that an important steel company in Pennsylvania expended \$12,000 for systematizing a large share of their cost accounting. A large brass foundry in New England paid \$3,000 for the installation of a cost system, and expended possibly \$2,500 per annum for blanks.

A large corporation in Connecticut, engaged in the manufacture of wire, setting intelligent employees of their own at work upon the problem of cost analysis under the supervision of professional experts, state that during nearly a year they have paid the latter approximately \$2,000, and have yet to make some other but moderate expenditures. Other important concerns have replied in like tone to my inquiries.

In addition to making inquiry by a representative dispatched to New York, and by letter, I personally conferred with the principal members of one of the most important firms of public accountants in this country, who has just completed extensive work for the government. In his opinion, the cost accounting problem in the government is not a dry civil appropriation bill for 1938, but a matter of life and death.

At the request of the Public Printer the following clause was inserted in the summary of the report: "The cost accounting system and making inventory, estimated at approximately \$10,000. Urged to make the most liberal figure which peculiar conditions in the government service might make necessary, he would not exceed \$35,000. Subsequently, after inspecting the Government Printing Office, he stated that he would not hesitate to accept a contract to systematize the establishment for \$25,000."

Would Not Permit It. He informed me that under no condition would he have permitted the purchase of a dollar's worth of material through his concern, or have recommended any one from whom to make purchases, except upon express condition that other bids would be obtained, in order to protect himself from any charge of self-interest. He expressed surprise that the official head of an office would be willing to permit such a procedure without bids, from a concern whose self-interest was obviously involved.

At the request of the Public Printer the following clause was inserted in the summary of the report: "The cost accounting system and making inventory, estimated at approximately \$10,000. Urged to make the most liberal figure which peculiar conditions in the government service might make necessary, he would not exceed \$35,000. Subsequently, after inspecting the Government Printing Office, he stated that he would not hesitate to accept a contract to systematize the establishment for \$25,000."

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worth approximately \$3,000,000, and the value of the machinery, fixtures, etc., may be estimated at \$3,000,000. The entire investment, therefore, represents at least \$6,000,000.

The expenditure for plant was \$288,252.81 for the fiscal year 1937, while for the first half of the fiscal year 1938 it amounted to \$488,372.64. The expenditure for presses amounted to \$21,106.05 in 1937, and \$12,487.70 in the first six months of the fiscal year 1938.

In 1937, the purchases of composing machines amounted to \$34,808.57, and \$182,772.05, respectively, for the two periods.

Inspection of the various classes of printing and binding machinery developed little cause for criticism, except in connection with the machines employed for composition. There are now in the office 307 machines of this character.

Nearly a million dollars (\$965,329) has been spent by the Government Printing Office in a little more than three and a half years for the installation of such machinery. It would appear that sufficient time has not been taken for tests and for properly acclimating the force to the most efficient use of this machinery.

It is generally agreed that there is no economy unless the product equals or exceeds the work of three men by hand composition. According to information received, the product of the machines in the Government Printing Office does not equal that of two men. The criticism that has been so freely applied to the operation of these machines should be directed against such an enormous investment representing great economy of production.